

**§ 147-69.1. Investments authorized for General Fund and Highway Funds assets.**

(a) The Governor and Council of State, with the advice and assistance of the State Treasurer, shall adopt such rules and regulations as shall be necessary and appropriate to implement the provisions of this section.

(b) This section applies to funds held by the State Treasurer to the credit of:

- (1) The General Fund;
- (2) The Highway Fund and Highway Trust Fund.

(c) It shall be the duty of the State Treasurer to invest the cash of the funds enumerated in subsection (b) of this section in excess of the amount required to meet the current needs and demands on such funds, selecting from among the following:

- (1) Obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States.
- (2) Obligations of the Federal Farm Credit Bank, the Federal Home Loan Banks, the Federal Home Loan Mortgage Corporation, Fannie Mae, the Government National Mortgage Association, the International Bank for Reconstruction and Development, the International Finance Corporation, the Inter-American Development Bank, the Asian Development Bank, and the African Development Bank.
- (3) Repurchase Agreements with respect to one or more of the following:
  - a. Securities issued or guaranteed by the United States government or its agencies.
  - b. Securities eligible for investment by this section executed by a bank or trust company or by primary or other reporting dealers to the Federal Reserve Bank of New York.
  - c. Securities eligible for investment by this section executed by a registered broker-dealer that is subject to the rules and regulations of the U.S. Securities and Exchange Commission and is a member in good standing of the Financial Industry Regulatory Authority.
- (4) Obligations of the State of North Carolina.
- (5) Certificates of deposit and other deposit accounts of financial institutions under any of the following conditions:
  - a. With financial institutions with a physical presence in the State for the purpose of receiving commercial or retail deposits; provided that any principal amount of such deposit in excess of the amount insured by the federal government or any agency thereof, be fully secured by surety bonds, or be fully collateralized; provided further that the rate of return or investment yield may not be less than that available in the market on United States government or agency obligations of comparable maturity.
  - b. With financial institutions with a physical presence inside or outside the State, in accordance with all of the following conditions:
    1. The funds are initially deposited through a bank or savings and loan association in the State that is an official depository and that is selected by the State Treasurer, provided that the rate of return or investment yield shall not be less than that available in the market on United States government or agency obligations of comparable maturity.
    2. The selected bank or savings and loan association arranges for the redeposit of the funds in deposit accounts of the State in one or more federally insured banks or savings and loan

associations wherever located, provided that no State funds shall be deposited in a bank or savings and loan association that at the time holds other deposits from the State.

3. The full amount of principal and any accrued interest of each deposit account are covered by federal deposit insurance.
  4. The selected bank or savings and loan association acts as custodian for the State with respect to the deposit in the State's account.
  5. On the same date that the State funds are redeposited, the selected bank or savings and loan association receives an amount of federally insured deposits from customers of other financial institutions wherever located equal to or greater than the amount of the funds invested by the State through the selected bank or savings and loan association pursuant to this sub-subdivision.
- (6) Repealed by Session Laws 1989 (Regular Session, 1990), c. 813, s. 10.
  - (7) Prime quality commercial paper that, when acquired, bears the highest rating, such as a minimum of "P1," "A1," or "F1," of at least one nationally recognized rating service designated by the U.S. Securities and Exchange Commission, and does not bear a rating below the highest by any nationally recognized rating service which rates the particular obligation.
  - (8) Bills of exchange or time drafts drawn on and accepted by a commercial bank and eligible for use as collateral by member banks in borrowing from a federal reserve bank, provided that when bills or drafts are acquired, the accepting bank or its holding company is either (i) incorporated in the State of North Carolina or (ii) has outstanding publicly held obligations that bear the highest rating, such as a minimum of "P1," "A1," or "F1," of at least one nationally recognized rating service designated by the U.S. Securities and Exchange Commission, and do not bear a rating below the highest by any nationally recognized rating service which rates the particular obligations.
  - (9) Asset-backed securities (whether considered debt or equity) provided, when acquired, the securities bear the highest rating, such as "AAA" or "Aaa," of at least one nationally recognized rating service designated by the U.S. Securities and Exchange Commission, and do not bear a rating below the highest rating by any nationally recognized rating service which rates the particular securities.
  - (10) Corporate bonds and notes provided they, when acquired, bear the highest rating, such as "AAA" or "Aaa," of at least one nationally recognized rating service designated by the U.S. Securities and Exchange Commission, and do not bear a rating below the highest by any nationally recognized rating service which rates the particular obligation.

(d) Unless otherwise provided by law, the interest or income received and accruing from all deposits or investments of such cash balances shall be paid into the State's General Fund, except that all interest or income received and accruing on the monthly balance of the Highway Fund and Highway Trust Fund shall be paid into the State Highway Fund and Highway Trust Fund. The cash balances of the several funds may be combined for deposit or investment purposes; and when such combined deposits or investments are made, the interest or income received and accruing from all deposits or investments shall be prorated among the funds in conformity with applicable law and the rules and regulations adopted by the Governor and Council of State.

- (e) Repealed by Session Laws 2016-55, s. 4.1(c), effective July 1, 2016, and applicable to all reporting periods beginning on or after that date.
- (f) Repealed by Session Laws 1989 (Regular Session, 1990), c. 813, s. 10.
- (g) Repealed by Session Laws 2001-444, s. 1, effective October 1, 2001. (1943, c. 2; 1949, c. 213; 1957, c. 1401; 1961, c. 833, s. 2.2; 1967, c. 398, s. 1969, c. 125; 1975, c. 482; 1979, c. 467, s. 1; c. 717, s. 1; 1981, c. 801, ss. 1, 2; 1985, c. 313, s. 3; 1987, c. 751, ss. 2-4; 1987 (Reg. Sess., 1988), c. 882, s. 5; 1989, c. 76, s. 28; c. 751, s. 7(43); 1989 (Reg. Sess., 1990), c. 813, s. 10; 1991 (Reg. Sess., 1992), c. 959, s. 75; 1993, c. 105, s. 2; 1999-251, s. 1; 2001-444, s. 1; 2001-487, s. 14(m); 2005-394, s. 1; 2013-305, s. 3; 2015-241, s. 21.2(c); 2015-268, s. 7.5; 2016-55, ss. 1.2, 4.1(c).)